

In its July 1, 2011 filing, Trico indicated that it had submitted an application to the Arizona Department of Commerce (“ADOC”) to receive grant funding available from the American Recovery and Reinvestment Act (“ARRA”) for the SunWatts Sun Farm project. This project is essentially a community solar demonstration project to be located at Trico’s headquarters. It

1 consists of approximately 840 ground mount fixed-tilt solar panels with a capacity of 227 kW.
2 Trico members could purchase certain increments of a panel up to their average monthly usage or
3 10 kW, whichever is less, and receive a credit on their bill equal to the energy generated by their
4 investments. The purpose of this project is to make solar accessible for renters and homeowners
5 who either cannot site a solar system or do not have the means to finance their own system. In this
6 way, members can participate in acquiring renewable resources on a modest budget and without
7 the need to use their own land.

8 On July 1, 2010, the ADOC accepted Trico's application for grant funding. Currently,
9 Trico is working to negotiate an engineering, procurement and construction contract with an
10 Arizona installer willing and able to design and build the project. In order to timely meet the
11 requirement of the grant, Trico seeks approval of its proposed "SunWatts Sun Farm Tariff"
12 attached as Exhibit B to the Amended Plan. Because ADOC approved its application for grant
13 funding, Trico does not plan to use any REST surcharge funds for the SunWatts Sun Farm project
14 at this time.

15 **II. REST Fund Dollar Shift from Residential to Commercial Rebates.**

16 Since the time Trico prepared and submitted its original 2011 REST Plan, it has received
17 applications for four large commercial renewable generation projects. These projects would be
18 eligible for performance-based incentives ("PBIs" or "rebates"). With this increased interest for
19 commercial renewable projects, Trico proposes to re-allocate \$206,338 to the commercial
20 renewable program in 2011 – from what was originally allocated toward reducing the rebate
21 waiting list for residential renewable projects (reducing that amount from \$825,354 to \$619,016 or
22 approximately 25%). This will allow Trico to fund at least one out of the four commercial
23 renewable projects in 2011. Further, Trico was recently notified that it will receive an additional
24 \$200,000 of ARRA funding – to fund Residential PV rebates for members already on its
25 residential rebate waiting list. In effect, this additional funding will offset the shift in funds
26 towards commercial renewable projects, and still allow Trico to eliminate its current rebate
27 waiting list for residential distributed renewable generation projects in approximately two years.

1 If, however, the \$206,338 towards its commercial renewable rebate program is not used in
2 2011, Trico requests that it have the authority to shift part or all of that funding back to residential
3 programs. The proposed reallocation, however, does not change the overall \$2,000,188 amount
4 that Trico budgeted for the 2011 REST Plan. In fact, the 2011 REST Plan budget will increase by
5 the amount of \$200,000 to reflect the receipt of additional ARRA funding.

6 **III. Feed-In Tariff**

7 Trico is aware that the Commission is currently in the process of drafting a Feed-In Tariff
8 ("FIT") Policy Statement in Docket No. E-00000J-09-0505. Trico understands that the
9 Commission will likely be voting to approve that statement in the near future. Upon Commission
10 approval, Trico will prepare and submit a FIT proposal pursuant to the approved statement.

11 **IV. Conclusion**


12 WHEREFORE, for the reasons set forth herein, Trico respectfully requests that the
13 Commission issue an Order:

- 14 (1) Approving Trico's 2011 REST Plan as amended by its Supplement to the 2011
15 REST Plan;
- 16 (2) Approving Trico's "Proposed SunWatts Sun Farm Tariff" related to its SunWatts
17 Sun Farm Community Solar Demonstration Project;
- 18 (3) Approving the reallocation of \$206,338 to the commercial renewable program to
19 provide rebates to at least one out of the four commercial renewable projects in
20 2011 – and from the amount targeted to reducing the residential rebate waiting list;
21 and
- 22 (4) Approving the reduction in allocation of funding through the REST Plan from
23 \$825,354 to \$619,016 (in light of the additional \$200,000 through ARRA) towards
24 eliminating the residential rebate waiting list in 2011.

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1 RESPECTFULLY SUBMITTED this 30TH day of September 2010.

2 TRICO ELECTRIC COOPERATIVE, INC.

3
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11 Attorneys for Trico Electric Cooperative, Inc.

12 Original and 13 copies of the foregoing
13 filed this 30th day of September 2010 with:

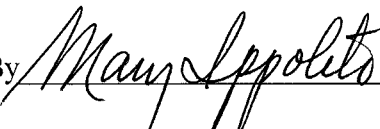
14 Docket Control
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18 Copy of the foregoing hand-delivered/mailed
19 this 30th day of September 2010 to:

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By 

**Supplement to
Trico Electric Cooperative, Inc.'s
REST Plan for Calendar Year 2011**

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Exhibits

EXHIBIT A – Rooftop Cost Comparison

EXHIBIT B – Proposed SunWatts Sun Farm Tariff

EXHIBIT C - Proposed Amended 2011 REST Budget

I. Executive Summary

In its initial Renewable Energy Standard and Tariff Implementation Plan ("REST Plan") for Calendar Year 2011 ("Original Plan") filed on July 1, 2010, Trico Electric Cooperative, Inc. ("Trico") presented its plan in accordance with R14-2-1814 whereby the cooperatives are instructed to file "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next calendar year."

Trico included in the Original Plan that it had submitted a grant application to the Arizona Department of Commerce ("ADOC") requesting funding to begin a Community Solar Demonstration Project ("SunWatts Sun Farm"). Trico has now received formal notification that its application for grant funding was accepted by the ADOC.

Additionally, since the filing of the Original Plan, Trico has received four large commercial renewable project applications. Trico proposes reducing the dollars allocated toward decreasing the residential backlog in the Original Plan and shifting funds so that at least one of the commercial renewable project applications can receive rebate funds in 2011.

Due to the aforementioned developments since the filing of the Original Plan, Trico hereby submits for Arizona Corporation Commission ("Commission") approval its amended REST Plan for Calendar Year 2011 ("the Amended Plan").

In Section II, Trico briefly summarizes its Original Plan as filed on July 1, 2010. In Sections III and IV of the Amended Plan, Trico discusses its strategy for amending its Original Plan to implement the SunWatts Sun Farm at its facility in Marana, Arizona and its plan to reallocate dollars within its proposed budget toward funding additional commercial renewable projects.

II. Original Plan

The Original Plan includes rebate support for distributed residential and commercial photovoltaic, solar water heating and wind generation, and anticipated participation in large-scale commercial renewable installations. Such programs are referred to as SunWatts.

The Amended Plan does not alter the implementation of the programs identified in the Original Plan; rather it supplements the Original Plan. Trico incorporates herein, by reference, the Original Plan.

III. SunWatts Sun Farm Community Solar Project

On July 1, 2010, Trico's application for grant funding was accepted by the ADOC through the U.S. Department of Energy's American Recovery and Reinvestment Act ("ARRA") for funding a community solar project located at the Trico headquarters. The program concept is to make solar energy accessible for renters and homeowners who cannot site a solar system or who do not have the capital to fund or otherwise finance their own unit.

Trico proposes that the SunWatts Sun Farm would consist of 840 ground mount fixed tilt panels that total to 227 kW. The project plan includes that a Trico member could purchase the output of the panels in one quarter, one half or in full panel increments up to but not to exceed their average monthly usage or 10 kW, whichever is less. Members who purchase the output of a part or several panels would receive a credit on their bill equal to energy generated by their panel(s). Trico has calculated the price to sell each panel at \$920, which approximately equates to the average cost of a rooftop system after including all the incentives (federal, state and Trico REST) and would be paid to Trico by the member in an upfront one-time payment, Exhibit A entitled "Rooftop Cost Comparison" includes a summary of the calculation of the SunWatts Sun Farm panel price. The members who purchase the output of part or several panels will get the benefit of participating in renewable resources that they can scale to their budget and without the

need for using their own land. Also they will gain over the life of the project a slightly better energy output from the more efficient larger scale system (see Exhibit A).

The member would take service under the proposed SunWatts Sun Farm Tariff described in Exhibit B entitled "Proposed SunWatts Sun Farm Tariff", which would be available to residential and small commercial customers. The SunWatts Sun Farm Tariff would include the requirement that the customer enter into a written contract that sets out the rights and obligations associated with purchase of the output of the SunWatts Sun Farm panel(s).

Upon the sale of the output of all panels to its members, Trico expects to have the dollars to construct another solar project of similar size. As a result of the grant funding, Trico does not plan to use any REST surcharge funds for this initial SunWatts Sun Farm.

IV. REST Fund Dollar Shift from Residential to Commercial Programs

In the Original Plan, Trico focused its efforts toward reducing the current residential backlog. However, since the time of the Original Plan preparation and filing, Trico has received four significantly sized commercial renewable project applications. With this increased interest in commercial renewable projects Trico proposes to reduce the dollars allocated toward decreasing the residential backlog in the Original Plan from \$825,354 to \$619,016. This will result in an additional \$206,338 of funding shift to the commercial renewable program, as shown in the attached Exhibit C entitled "Proposed Amended 2011 REST Budget". The proposed reallocation will enable Trico to fund at least one of the commercial renewable projects seeking rebates in 2011.

On September 21, 2010, Trico was notified that it had been awarded an additional \$200,000 (through ARRA) to fund Residential PV rebates for members already on its residential rebate waiting list. This award will offset the shift in funds towards commercial renewable projects, and still allow Trico to eliminate its current backlog in approximately two years, as

discussed in the Original Plan. If the commercial dollars are not utilized during 2011, Trico requests authority, under the Amended Plan, to then shift the \$206,338 back to residential programs.

In Trico's Original Plan, it had proposed a total budget to fund its programs of \$2,000,188. This total budget remains unchanged in the Amended Plan.

V. Conclusion

With this Supplement, Trico's REST Plan for Calendar Year 2011 will provide for implementation of the SunWatts Sun Farm as well as additional participation by its commercial members through the proposed funding shift to the commercial renewable program. Trico requests that the Commission approve the Amended Plan, including approval of the specific SunWatts Sun Farm Tariff set forth in this supplement.

Exhibit “A”

Exhibit A

Rooftop Cost Comparison

TRICO ELECTRIC COOPERATIVE SUNWATTS SUN FARM									
			Enter Desired Panels:			19.25			
			Estimated Cost of Member-Owned Unit						
			Units		Unit Price	Individual Cost			
Up-Front Project									
Estimate cost of Project per Watt *			5,198	Watts	\$ 6.55	\$ 34,043.63			
Plus Estimated Project O&M Cost per Watts			5,198	Watts	\$ 0.52	\$ 2,702.70			
Less Federal Tax Credit					30%	\$ 10,213.09			
Less Effective Arizona Tax Credit per Watt			5,198	Watts	\$ 0.19	\$ 1,002.22			
Less TRICO 2011 Proposed Rebate			5,198	Watts	\$ 1.50	\$ 7,796.25			
Total			Full Project Cost			\$ 17,734.77			
Total Cost per month						\$ 73.90			
Total Cost per year						\$ 886.74			
Total Project Cost over period:			20 Years			\$ 17,734.77			
Total Monthly kWh Savings			640	kWh/m	\$ 0.141000	\$ 90.24			
Total Annual kWh Savings			7,684	kWh/y	\$ 0.141000	\$ 1,083.44			
Total Project kWh Savings over period:			20 Years			153,680	kWh/p	\$ 0.141000	\$ 21,668.88
Net Monthly						\$ (16.34)			
Net Annual						\$ (196.70)			
Net over period:			20 Years			\$ (3,934.11)			

			Min Watt Member-Owned:		1,000						
			Estimated Cost SunWatts Sun Farm								
			Up-Front Payment								
			Units		Unit Pr	Cost					
19.25 Panels					\$ 920.00	\$ 17,710.00					
240 Months											
5,198 Watts											
Full Project Cost						\$ 17,710.00					
						\$ 73.79					
						\$ 885.50					
						\$ 17,710.00					
712 kWh/m			\$ 0.141000	\$ 100.39							
8,544 kWh/y			\$ 0.141000	\$ 1,204.70							
170,880 kWh/p			\$ 0.141000	\$ 24,094.08							
						\$ (26.60)					
						\$ (319.20)					
						\$ (6,384.08)					

Exhibit “B”

Exhibit B

Proposed SunWatts Sun Farm Tariff

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.

8600 W. Tangerine Road

Marana, Arizona 85658

Filed By: Vincent Nitido

Title: CEO/General Manager

Effective Date:

STANDARD OFFER TARIFF

**SUNWATTS SUN FARM TARIFF
SCHEDULE RESD**

Background and Availability

The Arizona Corporation Commission ("Commission") approved the Renewable Energy Standard and Tariff Rules ("REST Rules") in Decision No. 69127 dated November 14, 2006, which set out the renewable energy requirements for all affected electric utilities in the State of Arizona. Trico Electric Cooperative, Inc. ("Cooperative") has prepared a REST Plan which provides for rebate support of customer owned renewable resources and larger scale renewable resources. The REST Plan may be modified from time to time on further application to the Commission.

The Residential Community Solar Demonstration Project Voluntary Purchase Program ("SunWatts Sun Farm") is part of the Cooperative REST Plan and is available to all RS1, RS1TOU, GS1, GS2 and GS3 customers of the Cooperative who wish to participate in support of renewable resources through purchase of energy output from the installation of a Cooperative-owned Photovoltaic (PV) generation facility. A customer may purchase panel output up to but not to exceed their average monthly kWh energy usage in the last twelve month period up to a maximum of 10,000 watts per customer.

The Sun Watts Sun Farm is designed to produce 227,000 watts and is located at the Cooperative office facility at 8600 W. Tangerine Road, Marana, Arizona 85658. The Cooperative plans to utilize all proceeds associated with this tariff for future expansion of the SunWatts Sun Farm through construction of additional SunWatts Sun Farm renewable resources.

Program

The SunWatts Sun Farm provides for voluntary participation by residential and small commercial customers which may benefit renters and other members who cannot install renewable resources on their property, to customers that want to expend only a small amount of initial capital on renewable energy.

Any customer desiring to participate in the SunWatts Sun Farm must complete and return an application. Participation shall be on a first-come, first-serve basis until the full output of the facility is assigned. Each applicant awarded panel output will enter into a purchase contract with the Cooperative, which will specify the rights and obligations of the arrangements for a twenty year term.

Customers may purchase the output of PV panels from the SunWatts Sun Farm in $\frac{1}{4}$, $\frac{1}{2}$ and full panel increments. The customer will be billed the full cost of the panels contracted as a one-time up-front charge.

The customer will receive a credit for the energy output of the panel(s), in accordance with the rates and charges under the customer's Standard Rate Schedule in a similar fashion as the Cooperative's Net Metering Tariff Schedule NM. The Cooperative will apply the credit to the customer's monthly bill for the 20 year term of the purchase contract or until such time as the customer's purchase contract is terminated or the customer assigns some or all of the solar panels subject to a purchase contract subject to the Cooperative's written approval. The Cooperative shall retain the rights to all the Renewable Energy Credits (RECs) produced by the Sun Watts Sun Farm.

Pricing of the Sun Watts Sun Farm panels is described in the table below:

Panel Size	Cost
Quarter Panel	\$230
One Half Panel	\$460
Full Panel	\$920

Exhibit “C”

Exhibit C

Proposed Amended 2011 REST Budget

Residential DG PV UFI	\$ 546,408
Residential DG PV PBI	\$ 32,783
Residential Solar Water Heaters	\$ 25,248
Total Residential	\$ 604,439
Non-Residential DG PV UFI	\$ 45,000
Non-Residential DG PBI	\$ 475,124
Total Non-Residential	\$ 520,124
Educational Grant Program	\$ 2,500
Habitat for Humanity	\$ 5,000
Used to Reduce Rebate Waiting List	\$ 619,016
Total Rebates	\$ 1,751,078
Admin, R&D Expenses	\$ 249,110
Total Budget	\$ 2,000,188
*Trico was awarded the following to fund its renewable generation programs, which will supplement the budget above:	
1. ARRA Grant for Residential PV Applicati	\$200,000
2. ARRA Grant for SunWatts Solar Farm:	\$933,458